



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST MAY 2018

DOMESTIC NEWS

A surge in dollar demand weighed on the shilling in the opening day of the week, as inflows remained thin. Dollar demand from a cross section of sectors largely outweighed inflows from exporters and foreign investors. The local unit was quoted 10 cents lower at the close of day at 100.50/70 compared to Friday's close of 100.40/60.

We think the regulator will keep an eye on the market in case of excessive volatility and can use part of the FX reserves, which currently stand at USD 9.1 billion to support the market. Meanwhile, CBK was in the market yesterday to mop excess KES liquidity.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.10 | 104.10 | 98.10 | 103.10 |
| GBP/KES | 130.98 | 138.98 | 131.48 | 138.48 |
| EUR/KES | 114.98 | 121.98 | 115.48 | 121.48 |
| AED/KES | 25.89 | 28.89 | 25.89 | 28.89 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 5.5168% | 5.8252% | -0.308 |
| 91-Day T-bill | 7.950% | 7.967% | -0.017 |
| 182-Day T-Bill | 10.257% | 10.265% | -0.008 |
| 364-Day T-Bill | 11.127% | 11.141% | -0.014 |
| Inflation | 3.73% | 4.18% | -0.450 |
| CBR RATE | 9.50% | 10.00% | -0.500 |

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar climbed to a five-month peak yesterday as news of a truce between the U.S and China on trade tariffs prompted lent support. The dollar index has rallied nearly 7% since mid-February, boosted by solid U.S. economic data that has backed the Federal Reserve's tightening stance this year.

On Sunday, the U.S. Treasury Secretary Steven Mnuchin and President Donald Trump's top economic adviser, Larry Kudlow, said the agreement reached by Chinese and American negotiators on Saturday set up a framework for addressing trade imbalances in the future. The dollar index rose 0.1% to 93.748 after earlier hitting a five-month high above 94. Against the JPY, the dollar rose to a four-month high of 111.39 as the Japanese yen remain under pressure from recent weaker Japanese data.

The euro was flat against the dollar at \$1.1770, after earlier falling to its lowest since around mid-November. Europe's single currency has been affected by concerns about political uncertainty in Italy.

Markets will now focus on the minutes of the U.S. Fed last monetary policy meeting due on Wednesday for guidance on rate hike path.

Crude prices traded near highs last seen in 2014 yesterday amid rising concerns that Venezuela's oil output could fall further following the country's presidential election and potential sanctions on the OPEC-member nation. Any restriction on Venezuela's financing, logistics or power supply could further depress the country's crude output. Brent crude futures gained 71 cents, or 0.9% to settle at \$79.22 a barrel. In post-settlement trade, the global benchmark rallied to \$79.59, up more than a dollar from the previous close.

| Indicative Profit Rates on Deposits | | |
|-------------------------------------|------------------|--------|
| Amounts > 10 Million | Amounts >100,000 | |
| | KES | USD |
| Call | 7.00% | 2.00% |
| 1 Month | 8.50% | 2.25% |
| 3 Months | 9.25% | 2.75% |
| 6 Months | 9.50% | 3.25% |
| 1 year | 10.00% | 3.50% |
| Indicative Cross Rates | | |
| | Bid | Offer |
| EUR/USD | 1.1725 | 1.1825 |
| GBP/USD | 1.3400 | 1.3500 |
| USD/AED | 3.6665 | 3.6765 |
| USD/JPY | 110.50 | 111.50 |

For more details, contact our Treasury staffs- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.